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March 10, 2004

California Bay-Delta Authority Members

California Bay-Delta Authority

650 Capitol Mall, 5th Floor

Sacramento, CA 95814

Dear Authority Members,

California Business Properties Association (CBPA) supports the balanced implementation of the CalFed Bay-Delta Program ("CalFed"). One of the key components of the CalFed Record of Decision, which was supported by a broad coalition of interests including CBPA, was the development and construction of new surface water storage projects, which could increase new water supplies and provide much-needed additional storage for California.

The business community has long supported the entire CalFed program and has specifically advocated that increased water supply reliability and new storage is required to manage the demands of a rapidly growing population and support California's vibrant economy. As you know, most, if not all, core business sectors in California cannot succeed without a stable and reliable source of water.

We understand the California Department of Water Resources (DWR) recently released a state feasibility study of the In-Delta Storage Project, one of the five surface storage projects that the CalFed program is currently studying for potential implementation. While an economic analysis is yet to be complete, DWR's report found the project technically feasible and opined the project "could provide a variety of benefits and contribute to meeting each of CalFed's four objectives for water supply reliability, water quality, ecosystem restoration and levee system integrity." (Source: DWR's Draft Executive Summary, In-Delta Storage Program State Feasibility Study, January 2004)

This announcement is an important step forward for the state and the water industry at large as any real progress in constructing new surface water storage facilities has yet to materialize, despite the constant calls for action. We understand all other proposed storage projects under consideration by CalFed are at very preliminary phases of investigation. To date, the In-Delta Storage Project is the only proposed water storage and supply project to have been determined technically feasible. Beyond its water supply benefits, we are encouraged to see a project advance that


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can also provide complimentary benefits in water quality, ecosystem restoration and levee stability, and provide operational flexibility for the state and federal water projects.

Therefore, we strongly encourage the California Bay-Delta Authority to continue its investigation of the In-Delta Storage Project, including any necessary economic and environmental reviews. Given the benefits identified by DWR, the project merits a thorough investigation.

Thank you again for your leadership role in advancing the CalFed Bay-Delta Program.

Sincerely,



Rex S. Hime
President and CEO

cc: Jeremy Arrich